1 March 2011

Vertu Motors plc ("Vertu" or the "Group")

Trading Update and Portfolio Development

Vertu Motors plc, the 8th largest UK motor retailer, announces the following update ahead of its preliminary results for the year ended 28 February 2011.

Overview

- Following an encouraging trading performance in the first six months of the financial year, trading has remained strong during the five months to 31 January 2011, with sales and pre-exceptional operating profits ahead of both budget and prior year.
- The Group has continued to make good progress with its growth strategy, adding a further eight sales outlets in the second half of the year.
- The Group remains in a strong position to undertake further consolidation activity, with a net cash position, a strong balance sheet and increased bank facilities now in place to fund further growth.
- The Group has achieved like-for-like profit growth in service, parts and bodyshop operations, aided by Group initiatives.
- Performance for the year ended 28 February 2011 is expected to exceed market expectations.
- Proposed final dividend of 0.3p per share (0.5p for full year).

Trading Update

Aftersales operations have performed strongly in the five months to 31 January 2011 with like-for-like profit increases in service, parts and bodyshops. Like-for-like turnover in servicing was flat year on year despite a decline in the three year vehicle parc in the Group's franchises of around 5%. The latter has placed downward pressure on warranty and retail service work, but this has been more than compensated for by the Group executing a number of initiatives. These include a focus on servicing older vehicles, enhanced CRM strategies to aid retention, sales of service plans and robust vehicle health check processes. Tyre sales have also increased significantly and helped to drive incremental profitability. Overall gross margins in aftersales rose to 42.2% in the five months to 31 January 2011 compared to 41.8% in the corresponding period last year. Importantly, the Group has seen like-for-like profit growth in service, parts and bodyshop operations. The Board is confident that further benefits will accrue from the above initiatives going forward and that servicing represents a growth area for the Group.

The volumes of used cars sold by the Group have increased by 9.6% on a like-for-like basis in the five months to 31 January 2011 in a market believed to be flat. Used car margins per unit increased on a like-for-like basis demonstrating a return to a more normal seasonal profile of used car depreciation and a return to relative supply constraints during the period. Acquisitions saw lower used car margins compared to historic Group averages and it is envisaged that these margins will improve as Group processes and expertise are applied.

The Group's private new car sales volumes declined in the five months to 31 January 2011 by 6.1% on a like-for-like basis. Private registrations in the UK in the corresponding period fell by 26.1% due to the absence in the period of the UK Government Scrappage scheme which ran from May 2009 to March 2010. The Group's outperformance against the retail market was expected as Scrappage sales were disproportionately concentrated in franchises in which the Group did not have strong representation. The Group's growth strategy has resulted in its market share of the UK retail car market increasing from 1.53% in the 11 months to 31 January 2010 to 2.13% in the current period.

New retail car margins per unit have remained strong during the second half of the year, which continues to reflect the Group's performance in earning high levels of manufacturer bonuses. Overall like-for-like new retail car profitability has reduced year on year reflecting the reduced post-scrappage volumes.

Fleet and commercial new vehicle sales volumes on a like-for-like basis rose 2.6% in the five months to January 2011. UK registrations in the fleet car market in the same period rose 2.3%. In addition, the UK commercial vehicle market saw a rebounding of commercial vehicle volumes, rising 26.6% in the five months compared to the prior year.

Portfolio development

During the second half of the financial year, the Group increased its number of sales outlets from 67 to 75, undertaking a number of acquisitions and portfolio developments.

Following the acquisition of the Group's first Nissan franchise in Altrincham in September, the Group has further cemented its relationship with Nissan. On 7 February 2011 the Group franchised its non-franchised Motor Nation used car operation at Darlington with the Nissan franchise.

During February, the Group relocated its Citroen outlet in Nottingham to new leased premises. This new dealership provides additional capacity for growth and meets Citroen's latest standards which will enhance the customer experience. In March, alongside this Citroen outlet, the Group will open its third Hyundai outlet. This facility will be the largest Hyundai showroom in the UK and will increase the Group's commitment to this growing brand as it releases a substantial number of high quality, affordable cars. As a result of the Citroen relocation an additional freehold property has become surplus to operational requirements.

On 22 February 2011 the Group acquired the entire share capital of Patrick (Holdings) Limited. This company traded as Patricks of Durham, operating the Vauxhall franchise in Durham, Co Durham. This acquisition augments the Group's strong market position in the North East for Vauxhall with dealerships in Sunderland, Newcastle, Hexham and now Durham. The Group paid cash of £1.5m in the transaction, which included a freehold property. The acquired dealership had a turnover of £7m in the year ended 31 December 2010 and the Board expects that the acquisition will be profitable from the outset. The Group now operates 10 Vauxhall dealerships.

Exceptional items

At the beginning of the financial year the Group's three properties held for resale stood at a carrying value of £4.9m. These comprised legacy empty properties acquired as part of the Bristol Street acquisition in 2007. The Group has recently received several indications of interest to acquire these properties which have provided evidence of their realisation values. In addition, as a result of internal portfolio developments, three other Group freehold properties have now been added to the properties held for resale. The Board has re-assessed the carrying values of the six properties which are now classified as assets held for resale, and this has resulted in a non-cash impairment cost of £1.5m. Having recognised this exceptional cost, the net book value of these assets now stands at £6.6m.

Following the refinancing of the Group's loan facilities during the second half of the year, the financial instruments used to hedge interest rates on the old facilities have been cancelled and new hedging undertaken. The new arrangements will significantly reduce interest costs over the next five years. Certain costs associated with both the refinancing and the cancellation of old hedging arrangements will be treated as exceptional costs in the financial results for the year ended 28 February 2011. These costs amount to £0.7m.

Dividend

The Group paid its maiden interim dividend of 0.2p per share on 28 January 2011. This was an interim dividend for the year ended 28 February 2011, and the Board expects to pay a final dividend of 0.3p per share.

Results for the year ended 28 February 2011 and Future Prospects

During the five months to 31 January 2011, sales and pre-exceptional operating profits are both ahead of budget and prior year. The Board expects that the performance for the year ended 28 February 2011 will exceed current market expectations.

The Board remains confident that the progress being made by the core business and those dealerships acquired in this and the previous financial year will continue to generate further profit growth for the Group.

The Company expects to announce its preliminary results on 11 May 2011.

- Ends -

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Notes to editors

Vertu Motors plc is the 8th largest motor retailer in the United Kingdom with 75 sales outlets forming a national network, operating predominantly under the Bristol Street Motors, Vertu Honda and Macklin Motors brand names. Manufacturer partners are Alfa Romeo, Chevrolet, Citroen, Fiat, Ford, Honda, Hyundai, Iveco, Mazda, Mitsubishi, Nissan, Peugeot, Renault, SEAT and Vauxhall.

Vertu Motors was established in November 2006 with the aim of consolidating the UK motor retail sector. The Group listed on AIM in December 2006.

The Group currently operates 72 franchised sales outlets, 3 non-franchised sales operations and 1 stand alone service operations from 61 locations. It is intended that the Group will continue to acquire motor retail operations to grow a scaled dealership group. The Group's acquisition strategy is supplemented by a focused organic growth strategy to drive operational efficiencies through its national dealership network.

www.vertumotors.com

www.bristolstreet.co.uk

www.vertuhonda.com

www.motornation.co.uk

www.vertucareers.com

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